

**Early Morning Update**

The Feb21 natural gas contract is trading up \$0.12 at \$2.87. The Feb21 crude oil contract is up \$0.65 at \$52.90.

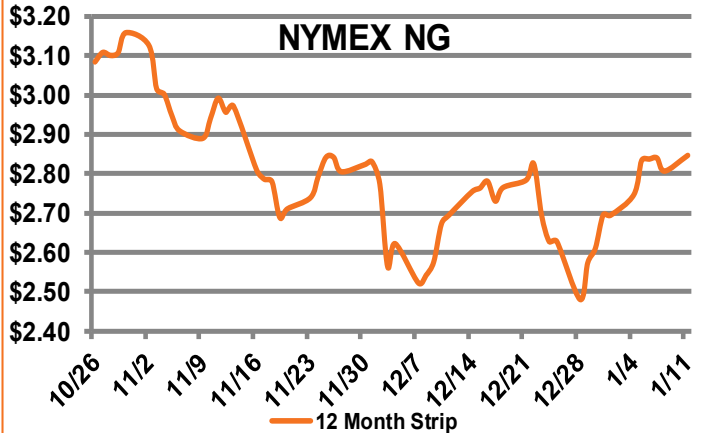
**Summary:** Further impacts are being felt around the crude oil and natural gas markets after decisions made by Saudi Arabia were made to cut oil production to 0.994 million barrels less than their allotment. For reference, this reduction is approximately 11% of potential maximum. As a result of this decrease, different investment banks are raising their summer predictions for Brent Crude oil up to \$65/bbl. This change correlates to domestic oil (WTI) prices being around the \$60/bbl mark and well in the range of profitability for drillers. As of now, most oil producers will break even when domestic oil reaches \$40-45/bbl, depending on region and company specific costs. Higher prices in the crude market will incentivize production, which creates increased associated natural gas as a result. We may see slight, midterm bearish effects on the natural gas markets as higher supply is given up through the summer and potentially past that. We have seen more regional plays in natural gas supply and may potentially have regional price increases. For example, in the Mid-Continent region, we have seen a slight year-over-year uptick in regional demand and lower production bringing about a higher reliance on underground inventories, resulting in higher prices for that region.

**Bullish Factors**

- LNG exports back in force
- High exports to Mexico
- Unstable production

**Bearish Factors**

- Coronavirus impacts on demand
- Healthy storage levels
- Lack of significant heating demand

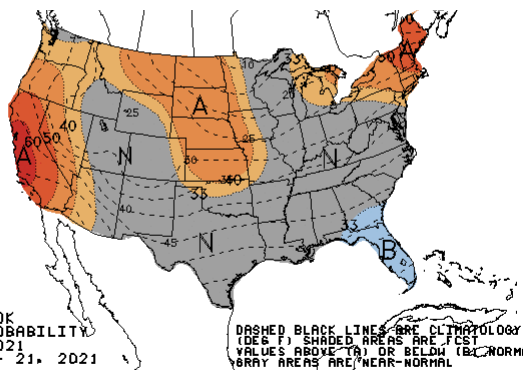
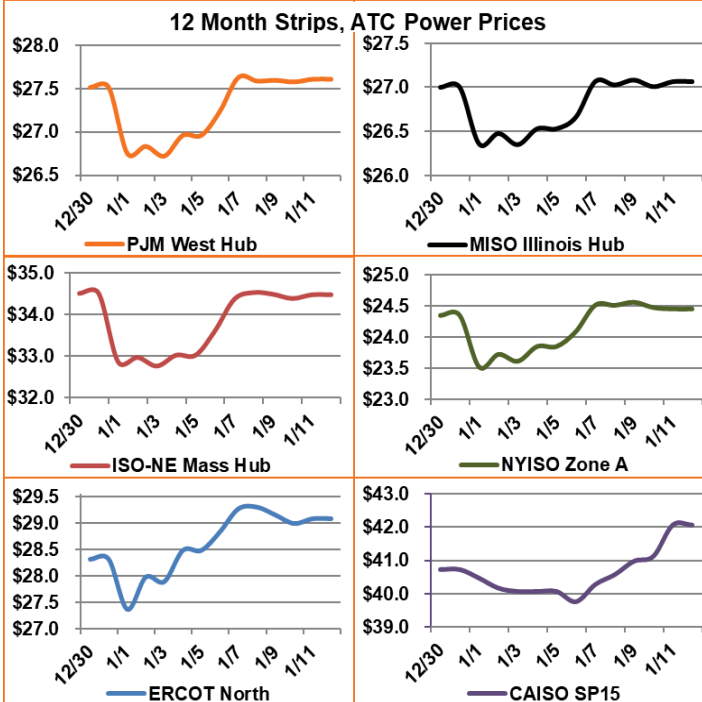


**Next Day On-Peak Power (traded for 1/12/2021)**

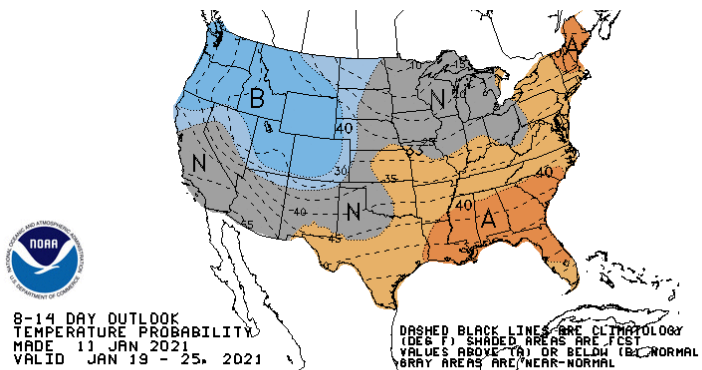
ISO-NE Mass Hub \$41.52	MISO Indiana Hub \$28.92	NYISO Zone G \$31.95
PJM West Hub \$28.40	ERCOT North \$28.95	CAISO SP15 \$35.48
<b>NYMEX NG</b>	<b>Close</b>	<b>Change</b>
Feb-21	2.747	0.047
Mar-21	2.703	0.047
12 Month	2.846	0.040
Cal 22	2.653	0.006
Cal 23	2.483	-0.006

**EIA Natural Gas Storage**

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
<b>Total</b>	3,330	3,460	3,192	3,129
<b>Diff v. Current</b>		-130	138	201
<b>% Diff</b>			4.3%	6.4%



6-10 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 11 JAN 2021  
VALID JAN 17 - 21, 2021



8-14 DAY OUTLOOK  
TEMPERATURE PROBABILITY  
MADE 11 JAN 2021  
VALID JAN 19 - 25, 2021